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Fiscal Note

Drafting Number: LLS 24-0129 Date: January 24, 2024
Prime Sponsors: Rep. Jodeh; Soper Bill Status: House Health & Human Services
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Bill Topic: INSURANCE COVERAGE FOR PROVIDER-ADMINISTERED DRUGS

Summary of Fiscal Impact: [ ] State Revenue [x] State Diversion [ ] Local Government
[x] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill prohibits health insurance carriers imposing certain restrictions on prescription drugs administered by providers. It creates a General Fund diversion and increases state expenditures on an ongoing basis beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$7,333 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1010

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Diversions (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts.

## Summary of Legislation

For persons requiring a provider-administered prescription drug that is covered by a health insurer, the bill prohibits the insurance carriers from:

- requiring that provider-administered prescription drugs be dispensed only by certain pharmacies;
- limiting coverage for provider-administered prescription drugs due to an insured person’s preferred pharmacy;
- imposing additional fees or copays on provider-administered prescription drugs due to an insured person’s preferred pharmacy; or
- requiring that providers bill certain provider-administered prescription drugs under the pharmacy benefit rather than the medical benefit without consent.

## State Diversions

Starting in FY 2024-25, the bill diverts about \$9,200 from General Fund to the Division of Insurance Cash Fund on an ongoing basis. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

## State Expenditures

Starting in FY 2024-25, the bill increases state expenditures in DORA by about \$9,200 on an ongoing basis, paid from the Division of Insurance Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 24-1010**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Department of Regulatory Agencies</b>		
Personal Services	\$7,333	\$7,333
Centrally Appropriated Costs <sup>1</sup>	\$1,886	\$1,886
<b>Total Cost</b>	<b>\$9,219</b>	<b>\$9,219</b>
<b>Total FTE</b>	<b>0.1 FTE</b>	<b>0.1 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Regulatory Agencies.** Starting in FY 2024-25, DORA will require 0.1 FTE for a Rate/Financial Analyst II to review carrier rate and form filings for compliance. The fiscal note assumes that DORA will review 200 individual form filings and 45 rate filings for compliance annually, for a total of 350 hours. The bill may also increase workload by a minimal amount to field questions and complaints regarding carrier compliance.

**Health Care Policy and Financing.** Starting in FY 2024-25, the bill may increase expenditures in the Department of Health Care Policy and Financing to the extent that Child Health Plan Plus (CHP+) enrollees with chronic, complex, rare, or life-threatening illnesses shift the administration of these drugs to different locations in a way that increases costs. Any change in costs is expected to be minimal and no adjustment in appropriations is required.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to health benefit plans issued or renewed on or after January 1, 2025.

## State Appropriations

For FY 2024-25, the bill requires an appropriation of \$7,333 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.1 FTE.

## State and Local Government Contacts

Health Care Policy and Financing

Personnel

Regulatory Agencies

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).